

Premium rate increase likely

For the first time since 1983, employers could experience a premium rate increase beginning January 1, 2002.

Premium rates for experience-rated employers are determined by two factors: individual employers' reserve ratios and the balance in the Tennessee Unemployment Insurance Trust Fund. The Trust Fund level on December 31, 2001, determines the employer Premium Rate Table that will be used for the six-month period beginning January 1, 2002. Premium Rate Table 6, which is the lowest Premium Rate Table and the table currently in use, is in effect when the Trust Fund balance is more than \$750 million. To view the Tennessee Unemployment Insurance Rate Chart, see page 17 of the Employer Handbook at www.state.tn.us/labor-wfd/esdiv.htm.

Determination of which Premium Rate Table will be effective beginning January 1, 2002, will be made when the Trust Fund balance on December 31, 2001, is calculated. Based on current trends, the Trust Fund will be below the \$750 million trigger this December 31.

Due to an adjusting economy and an increase in benefit payments, by the end of the third quarter this year the Trust Fund had dropped more than \$166 million, from \$900.4 million on September 30, 2000, to \$734.3 million on September 30, 2001. The Trust Fund balance is projected to still be below \$750 million on December 31, 2001, triggering on a higher Premium Rate Table effective January 1, 2002.

If, on December 31, the Trust Fund balance is \$675 million up to \$750 million, Premium Rate Table 5, the second lowest Premium Rate Table, will be in effect for the six months beginning January 1, 2002. If the Trust Fund balance is \$600 million up to \$675 million, Premium Rate Table 4 will be in effect.

If another Premium Rate Table does become effective January 1, 2002, Premium Rate Notices will be mailed to all affected employers during the middle of the first quarter 2002.

A change in the Premium Rate Tables only affects non-governmental employers who are eligible for a premium rate based on their own experience and who have a positive balance reserve. A change in the effective Premium Rate Table will not affect employers with negative reserves; employers assigned the new employer rate or governmental employers.

(NOTE: If Congress passes part of the much-debated economic stimulus package, there is a possibility that the rate increase will not go into effect. The Department will continue to closely monitor this legislation.)

Automated partial claim filing available to employers

When planning a major layoff, employers may now arrange to file claims automatically, transmitting them via email, modem, or overnight on diskette. The method grew out of our automated partial claim program, but eliminates the need for submitting a new file each week during extended layoffs.

Employers complete and submit the claimant data; we mail the worker a packet explaining how to certify weekly by telephone and identifying the factors that are important to him as a claimant. The method offers the maximum efficiency for employer, claimant, and the Unemployment Insurance Program. An employer who pays subsistence (SUB) pay may request a weekly report of payments made to laid-off workers.

The automated partial claim is still a valuable tool for short-term layoffs. To read more about automated claims and to download the program and instructions, access our web site, www.state.tn.us/labor-wfd/aps/.

Routing Box

- ☐ Personnel Director
- ☐ Manager
- ☐ Payroll Officer
- ☐ Other

Reminders

Pay all 2001 FUTA and SUTA premiums

This is the issue of *Dateline* in which we always remind employers of some important deadlines. You must pay all your 2001 quarterly premiums by **January 31, 2002**, to receive full credit on your annual Federal Unemployment Tax Return (FUTA), Form 940 or 940 EZ.

The taxable wages you report on Form 940 should be the same as the taxable wages you reported on your 2001 state quarterly Wage and Premium Report (LB 0456), plus or minus any adjustments to the 2001 reports. If you reported employee wages to the state incorrectly, you must file a supplemental report for under-reported wages or submit a claim for refund for over-reported wages.

If you have questions on your state **Wage and Premium Report (LB 0456)**, call **(615) 741-2486**. If you have questions on your **FUTA Report**, call the **IRS Taxpayer Service** at **1-800-829-1040**.

Filing tips

Please complete Line 1 (Total Wages), Line 2 (Excess Wages), and Line 3 (Net Taxable Wages) of the premium portion of the **Wage and Premium Report (LB 0456)**. Line 2 (Excess Wages) should always be less than Line 1 (Total Wages). Line 3 (Net Taxable Wages) should never be less than zero.

If you have failed to take sufficient excess wages in previous quarters, please file the **Claim for Adjustment or Refund Form (LB 0459)**; you can obtain that form from the Web site at www.state.tn.us/labor-wfd/esdiv.html or by calling **(615) 741-1619**.

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Reminders (cont.)

Deadline for request for adjustment or refund

All requests for adjustment or refund must be postmarked by **March 31, 2002**, to be processed for inclusion in the premium rate calculation for the rate that becomes effective July 1, 2002.

Tax credit extensions expected

It is anticipated that the U. S. Congress will extend the Work Opportunity Tax Credit (WOTC) and Welfare-to-Work tax credit (W2W) programs beyond the current December 31, 2001, expiration date. As soon as the extension is passed, participating employers will receive revised program information as quickly as possible from the Tennessee Department of Labor & Workforce Development.

WOTC and W2W are federal income tax programs administered at the state level by the Tennessee Department of Labor & Workforce Development. These programs make federal income tax credits available to employers who hire individuals from one or more of eight different target groups established by Congress. During the federal program year ending September 30, 2001, Tennessee employers participating in these programs were issued federal income tax credits with potential tax savings in excess of \$100 million.

For questions concerning either program or for information on the anticipated extension, employers may call Roger Littlejohn, state coordinator, at 1-800-432-5268.

Numbers

TN unemployment rate (Oct. 2001) 4.5%
TN unemployment rate (Oct. 2000) 4.1%

US unemployment rate (Oct. 2001) 5.4%
US unemployment rate (Oct. 2000) 3.9%

UI trust fund (Oct. 2001) \$700.8 million
UI trust fund (Oct. 2000) \$896.7 million

Handbook now online

Our Handbook for Employers is now available on the department's Web site: www.state.tn.us/labor-wfd/esdiv.html. Go to **Employer Services**, then to **Handbook for Employers**.

The handbook gives a simplified explanation of the premium and benefit provisions of the Tennessee Employment Security Law. The Web site will be updated as changes are made in the law and with administrative procedures.

Hard copies of the December 2000 Handbook for Employers and the 2001 Addendum to the Handbook may still be requested by calling **(615) 741-2815**, emailing pcoleman@mail.state.tn.us or writing **Central Files, TDLWD, 8th Floor, 500 James Robertson Parkway, Nashville, TN 37245-3510**.

Forms also online

Many of the forms that you'll need for doing business with the department are located on the department's Web site at www.state.tn.us/labor-wfd/esdiv.html; go to **Employer Services**, then **Useful Forms**. You can print these out to complete and return to the agency.

Among the forms available online are the following:

- **Report to Determine Status**
- **Claim for Adjustment or Refund**
- **Application for Transfer of Experience Rating Record**
- **Joint Low Earnings and Claim for Benefits for Partial Unemployment**
- **Separation Notice**
- **Mass Separation Notice**
- **TN Unemployment Insurance Poster (both English and Spanish versions)**
- **Electronic Funds Transfer Agreement**
- **Electronic Filing Agreement**

The Quarterly Premium Report and the Quarterly Wage Report are not yet available online, as the forms must be a specific dot-per-inch in order to be scanned accurately. To obtain these forms, call **1-800-344-8337** and press 1 (if in Tennessee), or call **(615) 741-2486** (if outside the state). Online capability

for completion and transmittal of employer premium and wage reports is coming soon, however.

In addition to forms, other information particularly useful to employers, including the law, can be viewed and downloaded at this site.

Are you reorganizing your business?

Whenever an employer changes its kind of organization (e.g., partnership to corporation, corporation to limited liability company), it must notify the Tennessee Department of Labor & Workforce Development. Failure to do so can result in problems with FUTA certification, possibly resulting in the successor organization's losing the experience rating record of the predecessor organization, causing a higher premium rate to be assigned.

Also, Tennessee Employment Security Law provides that any change from one kind of organization to another that is described as a "same party in interest" successorship must be reported to this department no later than the end of the quarter following the quarter in which the change takes place, or there is a substantial penalty.

All notification of changes should be sent to

Employer Services
Tennessee Department of Labor & Workforce Development
500 James Robertson Parkway, 8th Floor
Nashville, TN 37245-3555.

The Tennessee Department of Labor & Workforce Development is an equal opportunity employer. Auxiliary aids and services are available upon request to individuals with disabilities.

El Departamento del Trabajo y Desarrollo de la Fuerza Laboral de Tennessee es un patrono que ofrece igualdad de empleo. Ayudas auxiliares están disponibles para individuos con impedimentos.



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